Overview of the Financial Improvement and Audit Readiness Guidance (FIAR)

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Agenda

- FIAR Purpose
- FIAR Goal, Priorities and Strategy
- FIAR Methodology
- Roles and Responsibilities
- OMB Circular A-123 Crosswalk to FIAR Guidance
- Summary

What is FIAR Guidance?

The FIAR Guidance provides instructions for implementing a consistent, Department-wide plan for achieving the Department's financial improvement and audit readiness objectives.

Goal of the FIAR Guidance

The FIAR Goal is to improve the Department's financial management operations, helping provide America's Service men and women with the resources they need to carry out their mission and improving our stewardship of the resources entrusted to us by the taxpayers. Success will be demonstrated through a financial statement audit performed by independent auditors resulting in an unqualified audit opinion on the Department's financial statements.

Purpose of the FIAR Guidance

In accordance with the National Defense Authorization Act of Fiscal Year 2010, Section 1003, the FIAR Directorate developed this guidance for reporting entities and service providers working toward the goal of audit readiness. It defines the department's goals, priorities, strategy, and methodology to becoming audit ready. Furthermore, this guidance details the roles and responsibilities of reporting entities and service providers, as well as the processes they should follow to achieve audit

Priorities of the FIAR Guidance

The Under Secretary of Defense (Comptroller) (USD(C)) priorities require

- focus on improving controls and processes supporting information that is most often used to manage the Department
- improvements of financial information technology, and supporting documentation that facilitate the achievement of unqualified audit opinions on their financial statements.

In support of these objectives, the USD(C) designated two priorities:

- budgetary information,
- mission critical asset information.

Priorities of the FIAR Guidance

Major financial decisions are based on budgetary data. The first USD(C) priority focuses on process improvements, controls, and systems that produce budgetary information. The starting point for achieving auditable financial statements is the Statement of Budgetary Resources (SBR). The benefits of focusing improvement efforts on budgetary information and the SBR are:

- Improve the visibility of budgetary transactions resulting in more effective use of resources;
- Provide for operational efficiencies through more readily available financial information;

Priorities of the FIAR Guidance

The second priority focuses improvement and audit readiness efforts on information that is essential to the effective management of the Department's mission critical assets. For purposes of this priority, mission critical assets are:

- Military Equipment (ME) (e.g., ships, aircraft, combat vehicles);
- Real Property (RP) (e.g., land, buildings, structures, construction in progress, facilities);
- Inventory (INV) (e.g., rations, supplies, spare parts, fuel);
- Operating Materials and Supplies (OM&S) (e.g.,

Priorities of the FIAR Guidance

Financial management information necessary for the management of the Department's mission critical assets is also required to support future financial statement audits. This financial management information includes:

- Individual Item Identifier (e.g., unique item identifier, aircraft tail number, ship number, and real property unique identifier);
- Category/Asset Type (e.g., aircraft – airlift fixed-wing);
- Location (e.g., military installation/organization);

Priorities of the FIAR Guidance

Ensuring that all the information is accurately recorded in official systems of record, which are referred to as “Accountable Property Systems of Record” (APSRs) is the objective of this priority. Achieving this priority will improve important management information about mission critical assets to move the Department closer to achieving financial statement auditability. The existence (all assets recorded exist) and completeness (all assets are recorded) of assets are two of the four financial statement assertions that financial statement auditors will test in Wave 3.

Also a reporting entity must ensure it has the right to report all assets (Rights) and assets are consistently categorized, summarized and reported

Strategy of the FIAR Guidance

The FIAR Strategy provides a critical path for the Department. The strategy balances the need for short-term accomplishments (Wave 1) against the long-term goal of achieving an unqualified opinion on the Department's financial statements (Wave 4).

The FIAR Strategy is consistent with and focuses improvement work on the USD(C) priorities. The first three waves should be performed concurrently because they focus on both of the USD(C)’s priorities, that is,

Strategy of the FIAR Guidance

Once reporting entities achieve audit readiness for Waves 1, 2, and 3, they should commence Wave 4 audit readiness activities.

Strategy of the FIAR Guidance

The FIAR Strategy (Strategy) incorporates refinements and remains:

- Incremental and prioritized;
- Guided by a Methodology (Business Rules);
- Integrated with the requirements of OMB Circular A-123, Appendix A;
- Integrated with the implementation of the CFO Act and Federal Financial Management Improvement Act (FFMIA) (DoD FMR Vol.1 Chap 3);
- Integrated with the modernization of business and financial systems;
- Based on decentralized, reporting entity-level execution;

Strategy of the FIAR Guidance

A clear, comprehensive strategy for achieving audit readiness is critical to ensuring that limited resources are assigned effectively to facilitate sustained and measurable progress. Each of the Department's material financial statement line items is affected by complex accounting and auditing challenges that must be overcome. The Strategy groups the material business processes (resulting in activity reported on various financial statement line items) within four waves, and then summarizes steps each reporting entity must take to

Strategy of the FIAR Guidance
Wave 1 – Appropriations Received

Accurate and timely recording of appropriations and other budget activity is critical because it provides the budget authority needed to commit, obligate, and expend funds. Absent accurate and timely budget authority information, the Department's ability to fund its mission and operational requirements could be jeopardized and could affect the Department's ability to defend the Nation and its allies. Inaccurate budget authority information could also result in over obligation and expenditures resulting in

Strategy of the FIAR Guidance

Wave 1 – Appropriations Received

Wave 1 processes and related controls include activities performed to control and record transactions related to: (1) the receipt of the budget (“Appropriations Received”), and (2) the distribution of the budget to the major command level. Once audit readiness is achieved, the Department’s annual funding has been accurately recorded, controlled, and allocated, and that the funds have been accurately recorded in its financial statements will be demonstrated to Congress and the public. Successful achievement of Wave 1 will instill more congressional confidence in the

Strategy of the FIAR Guidance
Wave 1 – Appropriations Received

Key Capabilities	Definitions/Capability Measures
Effective controls over recording Appropriations	Reporting entities must design and implement control activities to achieve Key Control Objectives (KCOs) for recording Appropriations. See Wave 1 KCOs for a complete listing. • % of appropriation control activities assessed • % of appropriation control activities determined effective
Retain and make available supporting documentation to meet audit standards	Reporting entities must ensure that adequate documentation is readily available for an Appropriations Received audit. See Wave 1 Key Supporting Documents for minimum documentation requirements. • % of supporting documentation assessed

Strategy of the FIAR Guidance
Wave 1 – Appropriations Received

During Wave 1 reporting entities will have accounting/auditing challenges that must be resolved to become audit ready, such as:

- Ability of supporting the completeness of funds distributed to the major commands or equivalent by reconciling the current year budget authority apportioned and allotted to USSGL accounts 4510 and 4610 of the general ledger to the fund distribution system, which must show the current year budget authority as an element of the entire balance, which includes beginning balances, reductions for executed funds, and upward/downward adjustments, recorded in these accounts.

Strategy of the FIAR Guidance Wave 2 – Statement of Budgetary Resources

The SBR presents all budgetary resources that a reporting entity has available, the status of those resources at period end, a reconciliation of changes in obligated balances from the beginning to the end of the period, and cash collections and disbursements for the period reported.

A Wave 2 SBR audit includes all processes, internal controls, systems and supporting documentation that must be audit ready before the SBR can be audited. Significant processes in this wave include Procure-to-Pay, Hire-to-Retire, Order-to-Cash, and Budget-to-Report.

Strategy of the FIAR Guidance Wave 2 – Statement of Budgetary Resources

To achieve SBR audit readiness, a reporting entity, in coordination with its service provider(s) must:

- Have designed and implemented control activities that limit the risk of material misstatements by meeting all relevant KCOs
- Be able to support account transactions and balances with sufficient audit evidence defined as KSDs supplemented with the reporting entity's own documentation requirements.

Reporting entities must test their control activities and supporting documentation to ensure audit readiness. Auditors will need to test both controls and supporting documentation to support their audit opinion. A high reliance on internal controls

Strategy of the FIAR Guidance
Wave 2 – Statement of Budgetary Resources

Key Capabilities	Definitions/Capability Measures
Effective FBWT transaction-level reconciliations and reporting to Treasury	Reporting entities must design and implement control activities to meet KCOs for FBWT. • % of FBWT control objectives assessed • % of FBWT control activities determined effective
Effective controls over recording and maintaining obligations	Reporting entities must design and implement control activities to meet KCOs for recording obligations. • % of obligation control objectives assessed • % of obligation control activities determined effective
Effective controls over recording receipt of goods or services	Reporting entities must design and implement control activities to meet KCOs for recording receipt of goods or services. • % of receipt control objectives assessed • % of receipt control activities determined effective
Effective controls over recording disbursements	Reporting entities must design and implement control activities to meet KCOs for recording disbursements. • % of disbursement control objectives assessed • % of disbursement control activities determined effective
Retain and make available supporting	Reporting entities are responsible for ensuring adequate documentation is readily available for all

Strategy of the FIAR Guidance Wave 2 – Statement of Budgetary Resources

Wave 2 contains accounting/auditing issues that must be resolved for reporting entities to progress towards audit readiness, such as:

- Beginning balances for FBWT due to the long life of Federal appropriations, reporting entities must keep a minimum of six to 10 years of documentation to support all funding, collections, disbursements, adjustments, and reconciliation activity.
- Complexities surrounding shared Treasury accounts such as ensuring suspense account items are assigned to the correct entity.
- Reconciliation and traceability of interagency agreements, including Military Interdepartmental

Strategy of the FIAR Guidance
Wave 3 – Mission Critical Asset Existence & Completeness (E&C)

Mission Critical Asset E&C audit primarily ensures that all assets recorded in their APSR exist (Existence), and all of the reporting entities' assets are recorded in their system (Completeness). It also ensures that reporting entities have the right to report all assets (Rights), and assets are consistently categorized, summarized, and reported period to period (Presentation and Disclosure). The asset categories included in this wave include ME, RP, INV, OM&S, and GE. This allows the Department and its reporting entities to demonstrate the E&C of its assets before

Strategy of the FIAR Guidance
Wave 3 – Mission Critical Asset Existence & Completeness (E&C)

To achieve E&C audit readiness, a reporting entity, in coordination with its service provider(s) must:

- Have designed and implemented control activities that limit the risk of material misstatements by meeting all relevant KCOs;
- Be able to support account transactions and balances with sufficient audit evidence defined as KSDs supplemented with the reporting entity's own documentation requirements.

Reporting entities must test their control activities and supporting documentation to ensure audit readiness. Auditors will need to test both controls and supporting documentation to support their audit opinion. A high reliance on internal controls

Strategy of the FIAR Guidance
Wave 3 – Mission Critical Asset Existence & Completeness (E&C)

Key Capabilities	Definitions/Capability Measures
Effective physical inventories that meet audit standards	Reporting entities must design and implement physical inventory count procedures and documentation that will withstand audit scrutiny. • % of assets subject to physical inventory within the required time span
Effective controls over recording asset acquisitions, disposals and transfers	Reporting entities must design and implement control activities to meet KCOs for recording asset acquisitions, disposals, and transfers. Adjustments to physical inventory counts are an indication of the effectiveness of controls over recording acquisitions, disposals, and transfers of assets. • % of physical inventory adjustments
Retain and make available supporting documentation to meet audit standards	Reporting entities must ensure adequate documentation is readily available for an E&C audit. • % of supporting documents assessed • % of supporting documents determined sufficient (adequately retained and readily available)
Effective controls over financial and management data in the Accountable Property Systems of Record	Reporting entities must ensure the accuracy of Financial and Management data in preparation for an E&C audit. • # of data fields blank out of total data fields

Strategy of the FIAR Guidance
Wave 3 – Mission Critical Asset Existence & Completeness (E&C)

Wave 3 contains accounting/auditing issues that must be resolved for reporting entities to progress towards audit readiness, such as:

- Units of Measure – Implementing standard definitions for units of inventory and assets to ensure that item counts are accurate.
- Rights to Assets – Work with leading OSD offices to implement business rules around co located facilities (joint basing) and assets purchased by others (e.g., USMC aircraft).
- Reworked Assets – Implement a standard and consistent method for tracking and reporting assets that are removed from a larger asset, reworked or otherwise modified and then integrated into a

Strategy of the FIAR Guidance
Wave 4 – Full Audit Except for Existing Asset Valuation

Assertions for this wave include the proprietary side of budgetary transactions covered in Wave 2, as well as accounts receivable, earned revenue, accounts payable, gross costs and other liabilities. In addition, this wave adds the valuation assertion for assets (i.e., ME, RP, GE, INV, and OM&S). However, based on the business case analysis performed by the Department, existing assets will not be subject to the valuation assertion.

Strategy of the FIAR Guidance Wave 4 – Full Audit Except for Existing Asset Valuation

To achieve audit readiness for Wave 4, a reporting entity must:

- Have designed and implemented control activities that limit the risk of material misstatements by meeting all relevant KCOs;
- Be able to support account transactions and balances with sufficient audit evidence defined as KSDs supplemented with the reporting entity's own documentation requirements.

Reporting entities must test their control activities and supporting documentation to ensure audit readiness. Auditors will need to test both controls and supporting documentation to support their audit opinion. A high reliance on internal controls

Strategy of the FIAR Guidance
Wave 4 – Full Audit Except for Existing Asset Valuation

Key Capabilities	Definitions/Capability Measures
All capabilities from Waves 1 through 3 have been met	Reporting entities must design and implement control activities to meet KCOs for Wave 1 through 3.
To manage, account for, and report Investments	Reporting entities must design and implement control activities to meet KCOs related to investments. • % of obligation control objectives assessed • % of obligation control activities determined effective
To correctly value, maintain accountability, and report all categories/asset classes of non-existing Inventory and Related Property, and General Property, Plant and Equipment (PP&E)	Reporting entities must design and implement control activities to meet KCOs for valuation of non-existing inventory and general PP&E assets. • % of obligation control objectives assessed • % of obligation control activities determined effective
To effectively manage, estimate, classify, and report Military Retirement and other Federal Employee Benefits	Reporting entities must design and implement control activities to meet KCOs related to military health benefits actuarial accruals. • % of receipt control objectives assessed • % of receipt control activities determined effective
To accurately estimate, disburse and report Environmental Liabilities	Reporting entities must design and implement control activities to meet KCOs related to environmental liabilities. • % of disbursement control objectives assessed

Strategy of the FIAR Guidance
Wave 4 – Full Audit Except for Existing Asset Valuation

Key Capabilities	Definitions/Capability Measures
To correctly estimate, record, and report- Other Liabilities- Intra-Governmental: Custodial Liabilities, Disbursing Officer Cash, Advances from Others, and/or FECA Disbursement to Department of Labor	Reporting entities must design and implement control activities to meet KCOs related to Custodial Liabilities, Disbursing Officer Cash, Advances from Others and/or FECA Disbursement to the Department of Labor. • % of disbursement control objectives assessed • % of disbursement control activities determined effective
To correctly estimate, record, and report- Other Liabilities- Non-Federal: Advances from Others, Accrued Unfunded Annual Leave and/or Contingent Liabilities	Reporting entities must design and implement control activities to meet KCOs related to Advances from Others, Accrued Unfunded Annual Leave and/or Contingent Liabilities. • % of disbursement control objectives assessed • % of disbursement control activities determined effective
To correctly calculate, record, and report Depreciation Expense	Reporting entities must design and implement control activities to meet KCOs related to Depreciation Expense. • % of disbursement control objectives assessed • % of disbursement control activities determined effective
To retain and make readily available supporting	Reporting entities are responsible for ensuring adequate documentation is readily available for all material line

Strategy of the FIAR Guidance Wave 4 – Full Audit Except for Existing Asset Valuation

The capability to properly value and report new asset acquisitions is one of the more difficult challenges in Wave 4, since it requires the implementation of new acquisition processes, and controls impacting contract structure for cost accumulation. This work has been ongoing for years and began with the change to the Federal accounting standard in 2003 affecting the reporting of ME (e.g., ships, aircraft, and combat vehicles). Prior to this change, the standards permitted the expensing of ME assets.

Other challenges that must be addressed in coordination with leading OSD offices are will be valuing reworked PP&E and establishing an

Methodology of the FIAR Guidance

- The FIAR Methodology (Methodology) maximizes the potential for successful financial statement audits by considering auditing standards. In accordance with professional standards, auditors collect evidence supporting the fair presentation of financial statement amounts by focusing on two primary areas:
  - internal controls
  - supporting documentation.

Methodology of the FIAR Guidance

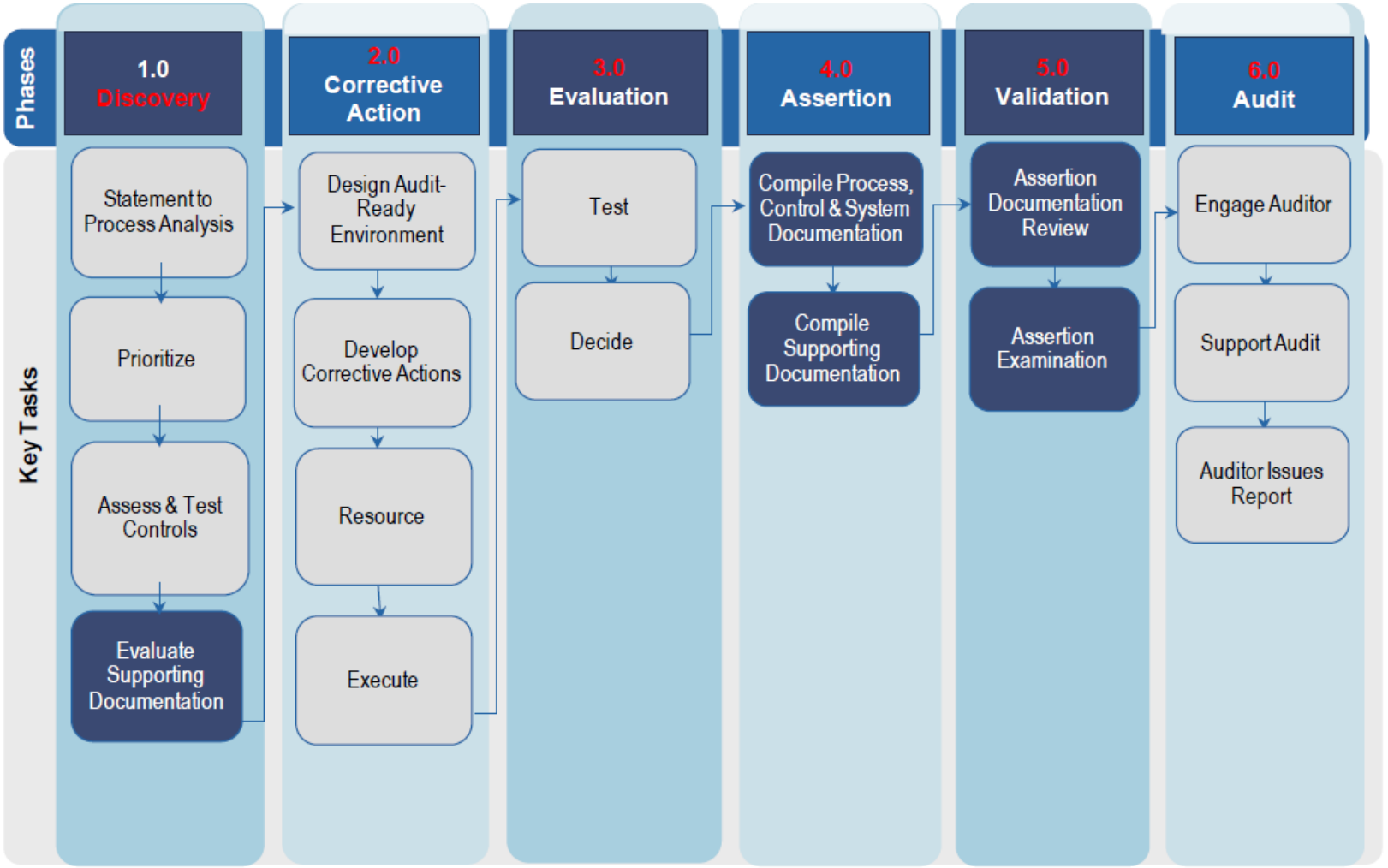
To achieve audit readiness, reporting entities must:

- Identify and evaluate the risk of material misstatement and then design and implement control activities to meet key control objectives (KCO) that limit the risk of material misstatements, and
- Support account balances with sufficient and appropriate audit evidence, defined as key supporting documents (KSD), supplemented with the reporting entities' own documentation requirements.

Methodology of the FIAR Guidance

- Reporting entities should focus their audit readiness efforts on improving their processes, controls, and related documentation based on the results of the application of the Methodology.
- Adherence will also attain compliance with the most relevant laws and regulations that have a direct and material impact on the Department's consolidated financial statements.
- The phases and key tasks of the Methodology can be seen in the below figure

Methodology of the FIAR Guidance



Note: The gray boxes are key tasks that must be repeated on a continuous basis as they are key in achieving and maintaining auditability and reliable financial information .

FIAR Roles and Responsibilities

Office of the Deputy Chief Management Officer (ODCMO) - assisting with driving and measuring financial management results -ensuring that functional communities (e.g., Logistics and Human Resources) recognize their vital role in achieving audit readiness, since most financial transactions originate as the result of business events in the functional community's operations.

Under Secretary of Defense (Comptroller)/Chief Financial Officer – developing and implementing DoD-wide financial management systems and overseeing financial management activities relating to CFO programs and operations of the DoD.

FIAR Roles and Responsibilities

Office of Under Secretary of Defense (Comptroller)/Deputy Chief Financial Officer (DCFO) - overseeing and implementing accounting policy, improvements in financial management, plus the day to day financial management functions for the DoD. The DCFO has three Directorates:

FIAR Directorate - provides day-to-day management of the FIAR Plan to ensure that DoD financial improvement efforts are integrated with functional community improvement activities.

Accounting & Finance Policy (A&FP) Directorate - writing, publishing, updating policy for accounting and finance within the DoD.

Business Integration Office (BIO) - ensures that the business and financial systems and process transformation plans are aligned with USD(C) goals and objectives and

FIAR Roles and Responsibilities

Assistant Secretary of Defense (Logistics and Materiel Readiness) - serves as the principal staff assistant and advisor to the USD(AT&L), Deputy Secretary of Defense, and Secretary of Defense on logistics and materiel readiness and is the principal logistics official within the senior management of the DoD.

Deputy Under Secretary of Defense (Installations and Environment) - provide installation assets and services necessary to support our military forces in a cost effective, safe, sustainable, and environmentally sound manner.

Property & Equipment Policy Office - focuses on improving the Department's property, plant and equipment (PP&E) business practices, policies, procedures and systems.

Defense Finance and Accounting Service - establishes and enforces requirements, procedures, and practices

FIAR Roles and Responsibilities

Major Commands and Service Providers - execute Financial Improvement Plans; perform the discovery work; test and strengthen internal controls; correct deficiencies; where the functional community engages with the financial community to achieve the vision, goals, and priorities of the FIAR Plan.

Department of Defense Office of Inspector General (OIG) - performs audits of the finance and accounting systems, functions, and activities established to carry out DoD fiscal responsibilities.

Reporting Entities' Senior Assessment Teams - oversees the
communication, execution and reporting of the FIAR Strategy and Methodology.

DoD Audit Advisory Committee - provides independent advice and recommendations on DoD financial

INTEGRATION OF FIAR METHODOLOGY AND OMB CIRCULAR A-123

This FIAR Guidance update fully merges OMB Circular A-123, Appendix A requirements into the FIAR Methodology, resulting in compliance with both the CFO Act and OMB A-123, Appendix A. This integration drives efficiency in the utilization of the Department's resources to meet the objective of achieving an audit ready state. The reporting entities should submit interim work products (e.g., process flowcharts and narratives, risk assessments, test plans, etc.) to FIAR in accordance with their FIP milestone dates. This will allow FIAR to monitor the Department's progress and provide the reporting entities' with feedback prior to submission of their audit

INTEGRATION OF FIAR METHODOLOGY AND OMB CIRCULAR A-123

OMB Circular A-123, Appendix A	FIAR Guidance
I. SCOPE	
A. Objectives of Internal Control over Financial Reporting	Section 1.B FIAR Methodology
B. Definition of Financial Reporting	Section 1.A FIAR Priorities and Strategy
C. Planning Materiality	Appendix A, Material Reporting Entities
D. Definition of Deficiencies	Appendix D, Section D.2.5 Identify, Evaluate and Classify Deficiencies

INTEGRATION OF FIAR METHODOLOGY AND OMB CIRCULAR A-123

OMB Circular A-123, Appendix A	FIAR Guidance
II. ASSESSING INTERNAL CONTROL OVER FINANCIAL REPORTING	
A. Establish a Senior Assessment Team	Appendix B, Section B.1.8 Reporting Entities' Senior Assessment Teams
B. Evaluate Internal Control at the Entity Level	Appendix D, Section D.1 Assessment of Entity Level Controls
1. Control Environment	Appendix D, Section D.1 Assessment of Entity Level Controls
2. Risk Assessment	Appendix D, Section D.1 Assessment of Entity Level Controls
3. Control Activities	Appendix D, Section D.1 Assessment of Entity Level Controls
4. Information and	Appendix D, Section D.1 Assessment of

INTEGRATION OF FIAR METHODOLOGY AND OMB CIRCULAR A-123

OMB Circular A-123, Appendix A	FIAR Guidance
II. ASSESSING INTERNAL CONTROL OVER FINANCIAL REPORTING	
C. Evaluate Internal Control at the Process, Transaction, or Application Level	Section 3.A.1 Discovery Phase, and Appendix D, Section D.2 Assessable Unit Internal Control Testing and Evaluation of Deficiencies
1. Determine Significant Accounts or Groups of Accounts	Section 3.A.5, Discovery – Statement to Process Analysis and Prioritization, Tasks 1.1 and 1.2
2. Identify and Evaluate the Major Classes of Transactions	Section 3.A.5, Discovery – Prioritization, Tasks 1.2.
3. Understand the Financial Reporting Process	Section 3.A.5, Discovery – Assess & Test Controls, Tasks 1.3.1 Identify Key Control Objectives
4. Gain an Understanding of Control Design to Achieve Management's Assertions	Section 3.A.5, Discovery – Assess & Test Controls, Tasks 1.3.1 Identify Key Control Objectives and Task 1.3.2. Prepare Process and Systems Documentation
5. Controls Not Adequately Designed	Section 3.A.5, Discovery – Assess & Test Controls, Tasks 1.3.3. Prepare Control Assessment

INTEGRATION OF FIAR METHODOLOGY AND OMB CIRCULAR A-123

OMB Circular A-123, Appendix A	FIAR Guidance
II. ASSESSING INTERNAL CONTROL OVER FINANCIAL REPORTING	
D. Overall Assessment of the Design and Operation of Internal Control over Financial Reporting	Section 2.F.1 Additional Reporting Requirements and Appendix D, Section D.2 Assessable Unit Internal Control Testing & Evaluation of Deficiencies
E. Reliance on Other Work to Accomplish Assessment	Appendix D, Section D.2.2 Prepare Control Assessment, Avoid Duplication of Efforts with Other Similar Activities
III. DOCUMENTATION	
A. Documenting Internal Control over Financial Reporting	Section 3.A.5, Discovery – Assess & Test Controls, Task 1.3.2. Prepare Process and Systems Documentation
B. Documenting the Assessment ofEffectiveness	
IV. MANAGEMENT'S ASSURANCE STATEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING	
IV. Management's Assurance Statement on Internal Control over Financial Reporting	Section 2.F.1 Additional Reporting Requirements

INTEGRATION OF FIAR METHODOLOGY AND OMB CIRCULAR A-123

OMB Circular A-123, Appendix A	FIAR Guidance
V. CORRECTING MATERIAL WEAKNESSESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING	
V. Correcting Material Weaknesses in Internal Control over Financial Reporting	Section 3.A.1 Phases and Key Tasks, Corrective Action
Exhibit 2: Sample Annual Assurance Statement on Internal Control over Financial Reporting	
Sample Annual Assurance Statement	Section 2.F.1 Additional Reporting Requirements.

FIAR Lessons Learned

- US Army Corps of Engineers
  - Document and independently validate a complete set of auditable end-to-end enterprise business processes and associated internal controls which can be articulated.
  - The above processes and internal controls must be “hard-wired” into a financial management automated information system to provide transparency from start to finish.
  - A process to provide the necessary information to successfully complete a CFO audit must be developed by the auditors and activity being audited.

FIAR Lessons Learned

- Defense Information Systems Agency
  - Commitment is key – recognizing inherent obstacles to success, then developing and implementing ways to overcome those obstacles.
  - Culture – leadership has to support and communicate the importance of financial stewardship and reliable books for decision making the goals.
  - Collaboration – auditors and auditees can talk, discuss and collaborate on solutions to audit issues without impairing the auditor's independence.
  - Control – fix broken processes or develop mitigating controls to overcome them.

Summary of FIAR

- FIAR Purpose
- FIAR Goal, Priorities and Strategy
- FIAR Methodology
- Roles and Responsibilities
- OMB Circular A-123 Crosswalk to FIAR Guidance

Questions????